

Message Text

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PAGE 01 STATE 313311
ORIGIN PM-04

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DRAFTED BY PM/SAS:DHESTER:RF
APPROVED BY PM/SAS - ASKOCHANNEK
NEA/RA - COL. HOBBS
L/PM - MR. BOREK
H - MR. GELBER (INFO)
TREASURY - MR. CROSSWHITE
OMB - MS. SCHLUETER
ACDA - MR. HARKAVY (INFO)
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FM SECSTATE WASHDC
TO AMEMBASSY RABAT
INFO SECDEF
TREASURY
USCINCEUR

C O N F I D E N T I A L STATE 313311

E.O. 11652: GDS

TAGS: MASS, MO

SUBJECT: FY 1977 FMS FINANCING FOR MOROCCO
REF: A) STATE 305465 B) RABAT 6821

1. DEPARTMENT IS SEEKING INTERAGENCY APPROVAL OF
JUSTIFICATION FOR \$30 MILLION IN FY 1977 FMS FINANCING FOR
MOROCCO DISCUSSED REF A. PARA 3 REF B GAVE TENTATIVE GOM
USES OF PROPOSED FINANCING. EMBASSY NOW REQUESTED TO CON-
FIRM SPECIFIC GOM INTENDED USES AND ASSOCIATED DOLLAR
ALLOCATIONS OF PROSPECTIVE \$30 MILLION IN FMS FINANCING.
WE NEED THIS INFORMATION IN ORDER TO OBTAIN INTERAGENCY
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PAGE 02 STATE 313311

JUSTIFICATION REQUIRED BEFORE SIGNING OF LOAN AGREEMENT
CAN BE AUTHORIZED.

2. FY 1977 LOAN AGREEMENT WILL BE SIMILAR IN FORM AND
CONTENT TO FY 1976 AGREEMENT. WE WILL SEEK FROM FEDERAL
FINANCING BANK (FFB) LOAN OF \$30 MILLION WITH REPAYMENT

PERIOD OF EIGHT YEARS INCLUDING ONE YEAR GRACE PERIOD.
DISBURSEMENT PERIOD WILL BE FIRST 18 MONTHS FOLLOWING
DATE OF SIGNATURE OF LOAN AGREEMENT. INTEREST AGAIN WILL
BE SET BY FFB AS IN PREVIOUS FFB LOANS. USG WILL GUARANTEE
LOAN FOR WHICH GOM WILL PAY FROM ITS OWN RESOURCES
GUARANTY FEE OF \$75,000. FFB WILL DETERMINE OTHER TERMS

OF LOAN AND PROVIDE LOCAL EMBASSY COPY OF DRAFT AGREEMENT.

3. WE WILL INFORM YOU AND LOCAL EMBASSY WHEN LOAN AGREE-
MENT IS READY FOR SIGNATURE, AT WHICH TIME GOM SHOULD
AUTHORIZE AMBASSADOR TO SIGN FY 1977 LOAN AGREEMENT AND
PROMISSORY NOTE IN WASHINGTON.

4. TERMS OF FY 1977 FMS LOAN AGREEMENT WILL REQUIRE LEGAL
OPINION FROM COMPETENT GOM LEGAL ADVISER OF APPROPRIATE
GOM MINISTRY REGARDING VARIOUS GOM AUTHORITIES NECESSARY
TO EXECUTE, DELIVER, AND ADMINISTER AGREEMENT BEFORE
DISBURSEMENT OF LOAN MAY BE MADE. (FYI: EMBASSY WILL
RECALL THAT FFB RELUCTANTLY AGREED LAST YEAR TO WAIVER
OF TERMS OF SECTION 4.1 OF FY 1976 LOAN AGREEMENT RE-
QUIRING LEGAL OPINION FROM GOM.)
ROBINSON

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